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Jamaica & Dep

Product Brief

Seafood Brief

2006

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Report Highlights:
According to the latest official data (2004), Jamaica's seafood consumption is valued at USD86 million. Imports totaled 72% of demand or USD62 million. Continued expansion in the tourism sector, changing consumer preference in favor of healthier diets, and increased exports of tilapia will likely enhance Jamaica's demand for imported seafood over the short to medium-term. The Jamaican fast-food sector has increased its demand of imported fish fillet due to shortages in the current market. The growth in the tourist sector is expected to fuel demand for crustaceans, molluscs, salmonidae and fish fillet. The United States competes favorably in the higher priced specialty seafood segment. The main species imported from the U.S. are salmon, crabmeat, scallops, squid, and pre-prepared products. Canada and Norway are the major suppliers of seafood such as mackerel, cod, and sardines. Other species imported from Guyana and Suriname includes snapper and shrimp.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Kingston [JM1]
[JM]

Table of Contents

1.0 Market Overview

The Jamaican economy grew by between one and three percent over the last four years. During 2005 the economy expanded by 1.8 percent and is projected to grow by a further 3 to 4 percent during 2006. Despite fiscal challenges, international rating agencies and local authorities have projected continuation of that momentum over the medium-term. Jamaica's economic performance is led by the services sector, particularly tourism, communication, transportation and financial services. The intensified flow of foreign direct investments (FDI) to the services sector, especially the tourism and information/communication industries, will continue to push the service-orientation of the economy. Other positive economic indicators include: a lowering of interest rates; increase remittances; increase FDI; and improved government-trade union relations.

Jamaica's real per capita consumption (1986 prices) has shown little variations over the last three years, remaining in the proximity of JMD8,800 (USD146). In current prices, per capita consumption stood at USD1,420 during 2003. The proportion of consumption expenditure that is spent on food and beverage remains relatively constant in the neighborhood of 43 percent for the last three years. With a population of 2.6 million, total food and beverage consumption in the Jamaican market, at current price, was estimated at USD1.57 billion during 2003, of which animal protein accounted for 22 percent or USD 354.4 million. Fish and other seafood represent an estimated 24 percent of total animal protein consumption in Jamaica.

1.1 Advantages and Challenges for U.S. Imports

Advantages	Challenges
Lower freight charges and ease of obtaining freight forwarders and carriers from the U.S. provide advantages to U.S. exports.	Products that do not meet the CARICOM country of origin requirements are charged 20 – 40% tariff on fresh / frozen Seafood.
Typically a wide variety of chilled / frozen products (including seafood and meats) are imported from the U.S. as mixed containers, which facilitates smaller quantities of specialty products, such as squid, scallops and crabmeat.	Strong competition from Guyana, Suriname, Canada and Norway.
The domestic market is not country-sensitive, but branding is becoming an important positioning variable. Private labeling of specialty seafood bolsters the demand for higher priced U.S. products.	Price sensitivity of a large segment of the retail market creates demand for more price-competitive non-U.S. products.
Low domestic supply of seafood from shrinking wild catch and export concentration by local producers increase the demand for imports.	Government Sanitary / Phytosanitary (SPS) and other import regulations, and inspection procedures affect the smooth clearing of products at the port of entry.
Growth in the tourism sector continues to strengthen demand in that segment.	The limited number of importers in the seafood market can be a barrier to entry for new-to-market U.S. exporters.
Increasing health awareness of consumers, coupled with concerns of zoonotic diseases in cattle and poultry has increased demand for seafood.	Public health concerns with heavy metals concentration in seafood could, in the long-run, result in more stringent SPS regulations, and a shift in demand in favor of inland (aquaculture) fisheries, and possibly purified pharmaceutical derivatives (eg. fish oils).
The presence of a less price-sensitive upper income market segment, with strong buying power, retains demand for specialty U.S. seafood products	Poor cold storage facilities at Jamaica's ports of entry frustrate the import process.

2.0 Production, Export, Imports and Consumption

2.1 Production

Local production of seafood products in Jamaica is composed of marine (wild) catch (fish, crustaceans and molluscs), inland aquaculture (tilapia) and mariculture (shrimp). Wild fish catch, which is sold on the domestic market, is comprised mostly of Atlantic herrings, sardines, snapper, grouper, parrotfish and doctor fish. A small quantity of mackerel, tuna and Wahoo are harvested from offshore fishing. Spiny lobster and white shrimps are the main crustaceans harvested from Jamaica's marine waters. Almost all of the annual shrimp catch, and a significant portion of the lobster harvest are sold on the domestic market, mainly to the hotel and restaurant industry. The giant queen conch (Strombus gigas) is the only mollusc that is harvested in commercial quantities in Jamaica. The European Union and the United States are the main target markets for Jamaica's conch harvest. Lobster and conch fishing are regulated under the CITES (Convention on Endangered Species) Agreement, which enforces sustainable harvesting practices.

Annual fish and seafood production is relatively low and volatile, fluctuating between 9,000 metric tons (MT) and 14,000 MT, with marine catch accounting for 61 to 70 percent of total production. The low production is attributed to the declining wild fish stocks and a fairly infant, but growing, inland aquaculture industry. Marine catch varies annually between 5,600 MT and 10,000 MT. Declining conch and lobster harvest, and low shrimp catch has resulted in a steady decline in domestic crustaceans and molluscs production, and an associated contraction in its contribution to total marine catch from 31 (1,885 MT) to eight percent (722 MT) over the last seven years. The continued regulation of conch and lobster harvest under the CITES Agreement and declining stock will limit crustaceans and molluscs production. During 2004, total production of shrimp, lobster and conch totaled 38 MT, 134 MT and 550 MT, respectively.

Inland aquaculture, which is produced for domestic consumption and export, has remained relatively constant at about 4,500 MT per year. Increased private investments in aquaculture, continued research and development of production techniques, and increased export market demand for tilapia fillet will, in the short to medium-term, boost inland fisheries production. Jamaica's largest aquaculture producer, which has become a dominant supplier in the local restaurant and retail sectors, has committed to double its infrastructure and output capacity to satisfy demands for tilapia fillet in the U.S. market. This harbingers a shift in market emphasis due to the attractive export / domestic price differentials, increasing export demands, and relatively low sanitary/phytosanitary requirements in the external markets. In recent months there has been a lingering shortage of fish fillet for the local fast-food industry due to the change in market focus by tilapia producers. With this market shift, there is an expected spike in imports of fish filet over the short-term to satisfy the present unfulfilled demand.

2.2 Exports

Exports (including re-export) of seafood have remained relatively low, and like production, volatile. Over the last three years, exports have ranged between three and 10 percent of domestic production. A large proportion of the conch catch (50 to 70 percent) is exported to the EU and U.S., while tilapia fillet is exported to the United States. Over the last two years, lobster and conch represent 77 percent of total seafood export from Jamaica. Total exports of seafood during 2004 stood at 960 MT.

2.3 Imports and Consumption

Total imports of fish, crustaceans and molluscs (excluding fish for breeding and ornamental fish) to Jamaica has increased from 23,000 MT valued at USD51 million during 2000 to 28,000 MT valued at USD58 million during 2003. Imports for 2004 is projected at 30,000 MT valued at USD62 million.

Production Supply and Consumption of Seafood (MT)			
	2002	2003	2004
Production	14,482	8,861	13,733
Imports	26,692	28,237	30,133
Export	483	862	960
Consumption	**40,691**	**36,236**	**42,906**
Source: Generated from STATIN data			

Consumption of seafood in Jamaica is composed of local production and imports. With total exports at eight to 10 percent of production, and minimal re-export, domestic seafood is estimated to account for, on average, 28 percent of total consumption, notwithstanding its high annual variability between 21 and 32 percent of consumption.

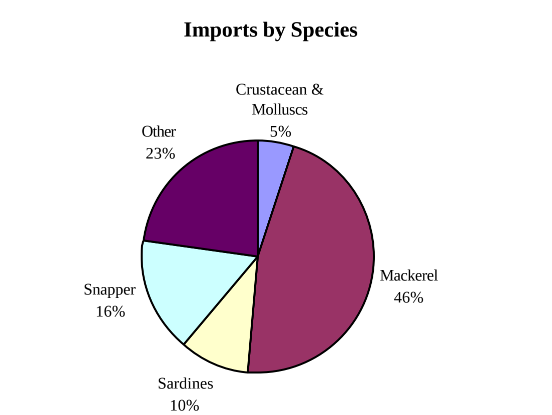
Over the last five years, consumption (measured as the sum of production and imports less exports and re-exports) of seafood products in the Jamaican market has trended modestly upward at an average eight percent per year. Using the proxy of average import price for respective species to establish the value of domestic production, total consumption of seafood in the Jamaican market is estimated at 43,000 MT valued at USD86 million during 2004, up from 36,000 MT valued at USD 74 million during 2003. Influenced largely by the expansion of the tourism sector and change in consumers' preference towards healthier diets, overall consumption of seafood is projected to increase by 10 to 12 percent per year over the medium-term.

Seafood consumption in Jamaica is characterized by seasonally higher demands during March to May, November to December and on public holidays. Decomposed monthly price data over the last four years showed no seasonal influence, indicating that the seasonal movements in demand are typically not associated with general price adjustments.

Dried salted fish (particularly mackerel and cod) are culturally linked to the Jamaican diet, and are consumed widely as breakfast proteins and at cultural festivities. Frozen/fresh fillets are preferred in the hotel/restaurant sector.

2.4 Consumption / Imports by Species

The bulk of Jamaica's seafood imports are low priced species, such as mackerel, sardines, snapper, grouper, croaker, tuna, and cod. This is partly explained by the relatively low per capita disposable income of a large segment of the Jamaican population and the price pressure from all-inclusive hotels. The composition of imports by species has shown negligible changes over the last five years. Higher priced species of salmonidae, molluscs (architeuthidae and octopodidae), crustaceans and other aquatic invertebrates are consumed in the higher income strata and the hotel/restaurant industry. Despite their relatively low proportions in total imports, the absolute values of imports of these species are respectable, with total values of crustaceans & molluscs totaling USD3.14 million and salmonidae USD764 thousand during 2003. In general, the market for lower priced species of seafood in Jamaica is very price sensitive (strong inverse linear associations between import



Source: Generated from PIOJ data

quantities and CIF prices). The price sensitivity is attributed to price pressures in the domestic retail and hotel/restaurant market, low disposable income and the availability of substitutes (poultry and pork). Crustaceans, molluscs, salmon, and caviar, which are positioned in the specialty market segments, have expectedly conformed to low price responsiveness. The growth in the tourism sector is expected to fuel an increase in the demand for crustaceans, molluscs, salmonidae and fish fillet. Despite the strict value emphasis by all-inclusive hotels, most properties retain between two and four specialty restaurants that demands high-end products.

3.0 Price Comparison

Crustaceans, mollusks, caviar, slamonidae and other aquatic invertebrates are imported in relatively modest quantities due to their price differential and the resultant market demand.

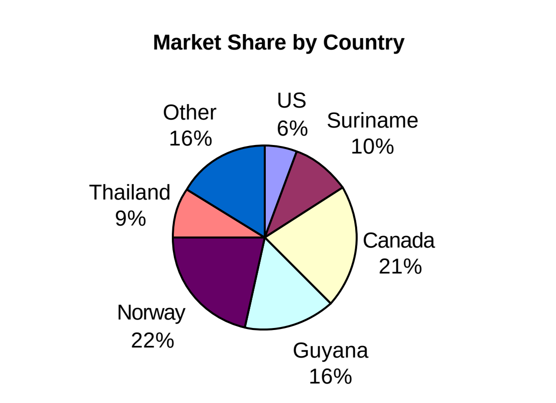
Selected Seafood Imports CY 2004 (US$/MT, US$)		
Species	**Cost (CIF) /MT (USD)**	**Imports USD**
Shrimp & Prawns	8,330	2,655,970
Salmonidae	3,630	771,667
Alewives	2,740	1,997,889
Tuna	2,670	841,982
Sardines	2,610	5,758,634
Mackerel	1,850	27,241,362

Source: Generated from STATIN data

With the exception of crustaceans, prices and import quantities are highly inversely related. Within the domestic market pricing strategies vary depending on factors such as market segment, order quantities and frequencies, payment terms, supply/demand conditions, product quality (eg size) and extent of value addition (eg processing and branding). The markups on import prices (CIF) of seafood at the retail level ranges from 31 percent to 203 percent. The nature of the price differential is dependent largely on the costs of transportation and storage, electricity and capital, and movements in the exchange rate.

4.0 Competition

Canada, Norway, Guyana and Suriname are the major exporters of fish and seafood products to Jamaica. Exports from Suriname, Guyana and other countries within the CARICOM Single Market are exempted from the 40 percent Common External Tariff that is levied on imported fresh and frozen sea foods. Snapper (croaker and grouper), and shrimp accounts for the largest proportion of exports from Suriname and Guyana, representing 65 and 31 percent of the respective exports during 2004. Canadian and Norwegian exports of seafood to Jamaica are predominantly lower priced species. Mackerel (41.2%), sardines (44%), and cod and other dried fish (7%) collectively account for 92.2 percent of total Canadian exports to Jamaica. Similarly, mackerel (73.3%), and cod and other dried fish (14.1%) represent 87.4 percent of Norwegian exports to Jamaica. Despite its relatively lower market share, U.S. exports of fish and seafood products to Jamaica stood at a respectable USD3.27 million during 2003. Of that amount, higher priced species (salmonidae, crustaceans and molluscs) accounted for 32.8 percent, while mackerel (37.7%), tuna (2.4%) and snapper (2.4%) accounted for 42 percent. The United States competes favorably in the higher priced segment of the seafood market (salmon, scallops, squid, crabmeat and pre-prepared seafood). Thailand exports mostly mackerel (91%) and tuna (5%) to Jamaica.



Source: Generated from STATIN data

5.0 Distribution Channel

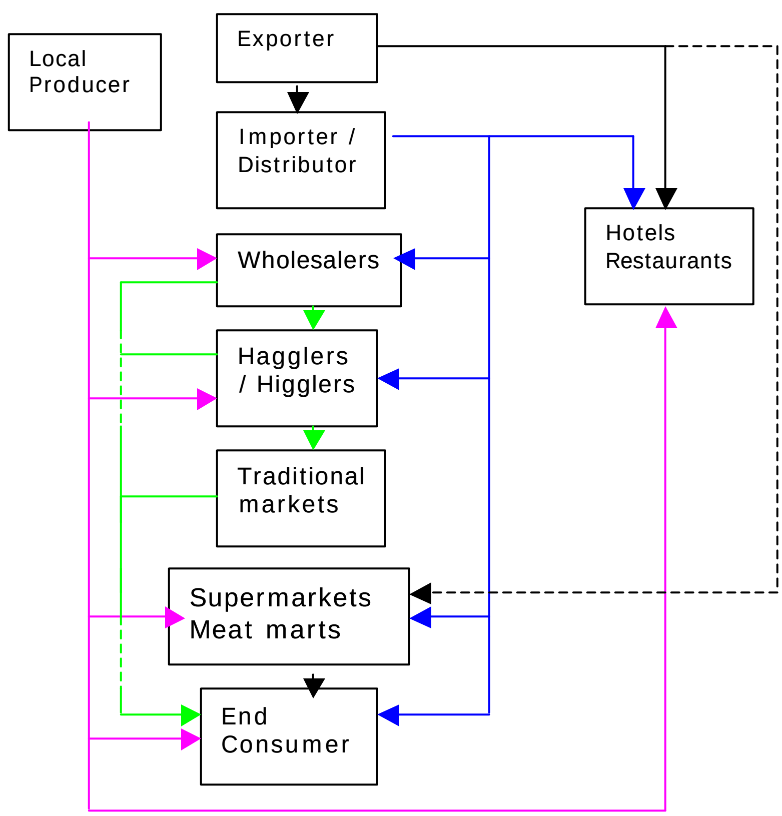
The Jamaican market for imported seafood products is characterized by a relatively small number of large importers / distributors with the infrastructure and other capacities to differentiate (process, package and brand) and target the respective market segments. Processing generally includes filleting, scaling and eviscerating, pickling and de-veining. Imported products are distributed through two distinct channels:(1) directly from importers to supermarkets, wholesalers, specialized meat and seafood stores (meat marts), and hotels/restaurants; and (2) to traditional markets through informal intermediaries, commonly referred to as hagglers / higglers. Most seafood importers, and domestic aquaculture producers have integrated forward to include specialized retail outlets that target end consumers. Large chain hotels import a small proportion of specialty seafood products, and major supermarket chains are exploring the feasibility of direct importation.

Domestic aquaculture products (tilpia) are branded under producers' labels and distributed to supermarkets. Institutional products, and those distributed through wholesalers and traditional markets are unbranded commodity-type products.

Branding of imported seafood is an important differentiating variable in the retail market segment. Importers/distributors are increasing the ratio of private label seafood products in their portfolio and intensifying their marketing efforts to build brand loyalty.

Approximately 10 –12 percent of imported seafood is distributed to hotels/restaurants, 58 – 62 percent to supermarkets/wholesalers, and 26-30 percent to the traditional market segment. Distribution of seafood products through the traditional markets, wholesalers and to the hotel / restaurant sector is projected to increase by five, seven, and eight percent per year over the next two years.

5.1 Structure of Distribution Channel



6.0 Market Access

The Ministry of Agriculture, Veterinary Services Division regulates the importation of fish and seafood products into Jamaica. All consignments of seafood exported to Jamaica must be accompanied by the GOJ's import permit and an appropriate export certificate from a competent government authority in the country of origin. The GoJ's import permit details the sanitary/phytosanitary requirements for the entry of seafood products into Jamaica. See Appendix for details

Import duties on fresh and frozen fish, crustaceans and other seafood products average 40% Common External Tariff (CET), 16.5% General Consumption Tax (GCT) and 2% Standard Compliance Fee (SCF). Tinned mackerel, sardines and tuna (chunk) attract an import duty of 5% plus SCF and CUF. Tinned tuna (flakes), caviar and preserved shrimp & prawns attract duty of 20% plus SCF and CUF. (see appendix for details)

Species that are regulated under the CITES Agreement must comply with the relevant provisions as stipulated on the GOJ's veterinary import permits.

7.0 Contact for Further Information

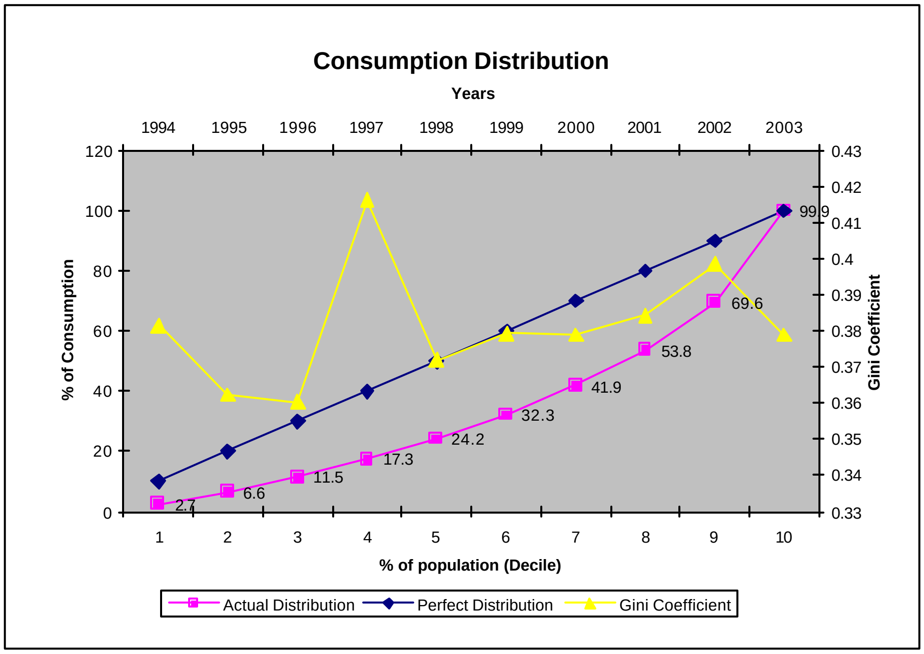
Foreign Agricultural Service
United States Department of Agriculture
U.S. Embassy
2 Oxford Road
Kingston 5
Tel: 876-920-2827
Fax: 876-920-2580
Mobile: 876-399-2591
URL: www.fas.usda.gov

Jamaica Bureau of Standards
6 Winchester Road
Kingston 5
Tel: (876) 926-3140
Fax: (876) 929-4736
URL: http://www.jbs.org.jm

Ministry of Agriculture
Fisheries Division
Marcus Garvey Drive
Kingston
Tel:(876) 977-2227
Fax: (876) 927-1904
URL: www.moa.gov.jm

Ministry of Agriculture
Veterinary Services Division
Old Hope Road
Kingston 6
Tel: (876) 977-2492
Fax: (876) 977-0885/977-7950
URL: www.moa.gov.jm

8.0 Appendix



Source: Generated from Planning Institute of Jamaica (PIOJ) statistics

Market Size by Income Groups (USD)			
Groups	All Foods	Meat, Poultry & Fish	Meals-away-from-home
Poorest	130,843,923	34,542,796	17,663,930
2	202,370,856	52,616,423	30,760,370
3	286,682,320	69,377,122	53,036,229
4	372,403,315	85,652,762	87,142,376
5	639,819,061	134,362,003	181,708,613
Total	1,632,119,475	376,551,105	370,311,518

Source: Generated from PIOJ data

THE ANIMAL (DISEASES AND IMPORTATION) LAW, 1943

Permission is hereby granted to ____ of ____ to import into Jamaica from _________________________, the following viz:

. . . .

Subject to the following conditions:

Each consignment must originate in ________________________ and be shipped by an Import Permit granted by the Director of Veterinary Services, Jamaica along with an Official Veterinary Certificate from the Department of Agriculture, _____________________ stating that:

1. The area from which the fish was obtained is free from cholera.

2. That the fish/product was produced, processed, packaged and stored under hygienic and sanitary conditions and is fit for human consumption and complies with internationally approved food safety standard (e.g. Codex Alimentarius, E.U. and U.S./F.D.A.).

3. The fish/product contains no additives, colouring matter, hormone, antibiotic and is free of radioactive contaminants.

4. Acronized fish/product (fish/product treated with antibiotic during processing) is/are not allowed entry into Jamaica.

At least 48 hours notice of arrival of the products must be given to the Director, Veterinary Services, Hope. Subject to Veterinary and Public Health Inspection on arrival.

N.B: THE GOJ'S IMPORT PERMITS ARE UPDATED PERIODICALLY BASED ON CHANGES IN THE ANIMAL HEALTH STATUS OF THE EXPORTING COUNTRY.

Source: Ministry of Agriculture, Veterinary Services Division

Illustrative List of Jamaican Tariff				
	Tariff Classes (%)			
	CET	SCF	CUF	GCT
Shrimp & Prawns, frozen	40	0.3	2	16.5
Shrimp & Prawns, fresh	40	0.3	2	16.5
Shrimp & Prawns, Preserved	20	0.3	2	16.5
Lobster, frozen	40	0.3	2	16.5
Lobster, fresh	40	0.3	2	16.5
Fish				
frozen	40	0.3	2	16.5
fresh	40	0.3	2	16.5
fillet	40	0.3	2	16.5
Mackerel				
fresh	40	0.3	2	16.5
frozen	40	0.3	2	16.5
tinned	5	0.3	2	16.5
Caviar	20	0.3	2	16.5
Sardines, Tinned	5	0.3	2	16.5
Tuna (tinned chunk)	5	0.3	2	16.5

Source: Jamaica Customs Department